CHAPTER 4

COMPENSATION PHILOSOPHY

The Commonwealth's compensation philosophy is to pay employees in a manner sufficient to support and develop a high performance workforce that provides quality services in a fiscally responsible manner to the citizens of Virginia.

The compensation philosophy was developed based on the following underlying principles:

- To provide more flexible base pay systems that tie employee performance to agency or unit performance.

- To link accomplishments of agency or unit missions, objectives and operating efficiencies to the funds available for employee salary increases.

- To focus on the value of total compensation, which includes salary and non-salary benefits such as healthcare, retirement, life insurance; disability insurance, annual and sick leave.

- To establish base pay that is competitive with the labor market (public and private).

- To encourage employees to make a performance difference either individually or through teams where results/outcomes are more important than entitlements (i.e., seniority, hierarchy or expectation of additional pay for changing responsibilities).

- To provide salary increases that focus on employees gaining demonstrable skills and competencies that are critical to the accomplishment of agency or unit missions.

Based on this philosophy, the Compensation Management System must recognize, accommodate and support agency differences in organizational structures and missions; assure that comparable jobs are valued with similar methodology and assigned to the same Role; promote employee focus on agency

missions and outcomes; be market responsive and affordable; be administratively efficient and responsive; and be easily understood and communicated. The following goals have been identified in order to support and operationalize the Commonwealth's compensation philosophy.

- To attract qualified employees.
- To retain qualified employees.
- To motivate employees by rewarding sustained performance.
- To support management in the realization of organization objectives.